



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0108	<b>Title:</b>	Revise deposit of restitution payments
<b>Primary Sponsor:</b>	Hollenbaugh, Galen	<b>Status:</b>	As Introduced-Revised

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns                         |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$200,000	\$200,000	\$200,000	\$200,000
Federal Special Revenue	\$0	\$0	\$30,000	\$120,000
<b>Revenue:</b>				
General Fund	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)
State Special Revenue	\$200,000	\$200,000	\$200,000	\$200,000
Federal Special Revenue	\$0	\$0	\$30,000	\$120,000
<b>Net Impact-General Fund Balance</b>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>

### Description of fiscal impact:

Restitution collected by the Crime Victim Compensation Program will be deposited into a state special revenue account for the sole purpose of paying benefits to crime victims in Montana. Currently the restitution collected is deposited into the state general fund.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Justice**

- Section one establishes a new state special revenue fund. A statutory appropriation is also established for this fund.
- FY 2009 restitution receipts, through December, 2008 are \$107,405. It is projected that approximately \$200,000 in restitution will be collected each year of the next biennium in equal monthly amounts of \$16,667.

3. It is expected that the Crime Victim Compensation program (CVC) will receive 750 claims in FY 2009. Medical costs, which are the single biggest expense for CVC claims, continue to rise steadily and significantly.
4. The FY 2009 budget for this program is \$589,397 general fund and \$270,021 federal funds. For the past several years, CVC has had a shortfall of approximately \$200,000 in its ability to pay claims, which are capped at \$25,000 for any one claim.
5. The state special revenue fund created in section 1 of the bill will start to receive restitution payments upon the effective date of July 1, 2009. Restitution amounts of \$50,000, received between July 1, 2009 and September 30, 2009 will be paid out of this state special revenue fund, during these same three months, for medical, funeral, and lost wages benefits to the victims of crime or their heirs. These three months of benefit payments will be reported to the federal U.S. Department of Justice, Office for Victims of Crime, on the Crime Victim Compensation State Certification Form, Part I, line A: Total Amount paid to or on behalf of crime victims from ALL FUNDING SOURCES (both State and Federal) for the federal reporting period of October 1, 2008 through September 30, 2009. Restitution dollars will increase the beginning figure in the formula used by the federal government to calculate a 60% match with federal dollars. The result is that the final dollar amount of state payments eligible for matching Victims of Crime Act (VOCA) grant funds is will be greater.
6. VOCA grant funds are paid by the federal government two years after the Crime Victim Compensation State Certification Form is filed. The additional VOCA grant for the period ending September 30, 2009 will be received in state FY 2012, and the VOCA grant amount will be \$30,000 (60% x \$50,000).
7. The average amount of additional VOCA grant money that will be received in all years after FY 2012 is assumed to be \$120,000 (60% x \$200,000).
8. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<u>Yes</u>	<u>No</u>
a. The fund or use requires an appropriation.	X	
b. The money is not from a continuing, reliable, and estimable source.		X
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.		X
d. The authority does not exist elsewhere.	X	
e. An alternative appropriation method is not available, practical, or effective.		X
f. Other than for emergency purposes, it does not appropriate money from the state general fund.	X	
g. The money is dedicated for a specific use.	X	
h. The legislature wishes the activity to be funded on a continual basis.	X	
i. When feasible, an expenditure cap and sunset date are included.		X

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Benefits	\$200,000	\$200,000	\$230,000	\$320,000
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$200,000	\$200,000	\$200,000	\$200,000
Federal Special Revenue (03)	\$0	\$0	\$30,000	\$120,000
<b>TOTAL Funding of Exp.</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$230,000</b>	<b>\$320,000</b>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)
State Special Revenue (02)	\$200,000	\$200,000	\$200,000	\$200,000
Federal Special Revenue (03)	\$0	\$0	\$30,000	\$120,000
Other	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,000</b>	<b>\$120,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0



## Dedication of Revenue 2011 Biennium

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17-1-507-509, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

Yes. Victims of crime will benefit from this dedicated revenue. They will receive additional financial assistance to pay medical bills, funeral costs, or coverage for lost wages that have resulted because of the crime committed against them.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

By having restitution dollars deposited into a state special revenue fund instead of the general fund, the restitution dollars must be spent for benefits to crime victims instead of being available for appropriation of general fund by the legislature. The formula used by the federal government to determine VOCA grant funds payable to a state will no longer penalize Montana for collecting restitution from criminals and not using this money for benefits to crime victims.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes. Under 46-18-236(1), MCA, perpetrators of crime may receive a court order to pay restitution for their crime. Under this bill, the restitution dollars received in the state special revenue fund created in section 1 of the bill will be used to pay medical, funeral, or lost wages claims for the victims of crime. In addition, the federal government's formula for calculating the 60% match for victim payments will be increased as a result of the additional dollars being applied to victims' benefits. The additional funds deposited into the crime victims' compensation account are expected to be sufficient to cover 100% of the total benefit payable to a victim of crime (which maxes out at \$25,000) throughout each fiscal year.

- d) **Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)**

As long as people are injured during criminal activities against them, there will be a need for this provision.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No. The legislature authorizes the budget for the Crime Victims Compensation Program which receives these additional revenues.

**f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**

Yes. Crimes continued to be committed that cause financial injuries to their victims, and this revenue will help relieve crime victims of some of the financial injury they have incurred as a result of the crime against them.

**g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**

There is no impact to the agency with respect to its accounting and auditing capabilities.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*